Burlington Shortline Railroad "The Burlington Junction"

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Office of the Secretary

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Steven S. Hoth, President

February 16, 2000

Mr. Vernon A. Williams, Secretary Surface Transportation Board 1925 K Street N.W. Washington, DC 20423-0001

Re: Ex Parte 582 Comments

Dear Mr. Williams,

My name is Steven S. Hoth and I am the President and Owner of the Burlington Junction Railway (BJRY), a switching railway located in Burlington, Iowa. I have owned the BJRY since 1985 and oversee its operations.

BJRY operates and owns three separate switching lines, all of which interchange directly with BNSF. The first operation is approximately two miles in length. Its major customers include U.S. Gypsum which ships gypsum wallboard, Burlington River Terminal which receives fertilizer and Case, a machinery manufacturer.

The second line is approximately one mile in length and serves Exide, a battery manufacturer. The third track is also approximately one mile in length and is located in Mount Pleasant, about 26 miles west of Burlington. This operation serves a paper recycler and a plastic molding company.

The future of the Shortline industry depends on an efficient and viable connection to the North American Railroad System. The proposed BNSF - CN combination will accomplish this result.

Following the Burlington Northern-Santa Fe merger in the fall of 1995, the BJRY was able to acquire a movement of cement board from the Los Angeles area into Burlington. This was new traffic to BJRY which we could access as a result of single line pricing and service efficiencies that resulted from the BN - SF merger.

Combinations of major railroads allow for better marketing conditions. This includes the extension of single line pricing to new and more distant markets well beyond current geographic sales areas (as illustrated above), better equipment supply and utilization of railroad owned and private car fleets, and the ability of the merged railroad to compete more effectively in the marketplace. All these things allow the rail shipping public to increase and expand their marketing reach and provide for growth in the future.

Combinations also allow for more efficient operations of seamless single line service, the use of more efficient gateways and routes, reduced transit times and improved carload service with more accountability by railroad personnel.

Combinations additionally allow the rail industry to compete more effectively with other modes of competition, reducing the number of trucks on our highways which increases passenger vehicle safety.

Another major benefit of combinations is the ability of the new rail system to generate and attract the large amounts of capital required to maintain and renew the present rail system. Railroads own, maintain and rebuild their track and structures, purchase expensive and modern locomotives and acquire freight cars for specialized customer needs. In order for the railroads to renew themselves and handle the large amounts of freight traffic which they will continue to be asked to transport by the nations shippers, they need to be organized in the most efficient manner possible. In addition, growth will take place in the North American Economy and the railroads will be asked to participate in this growth.

It is my understanding that Burlington Northern, Santa Fe and Canadian National are requesting authority to enter into a transaction that would put them under common control. I strongly support this application as the combined company will create a rail network that offers significant opportunities for service improvement and efficiencies.

I urge the Surface Transportation Board to deal with the proposed combination of BNSF and CN under the rules that previous mergers have been handled.

I, Steven S. Hoth, declare under the penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this verified statement. Executed on February 16, 2000.

> Steven S. Hoth, President Burlington Junction Railroad

SSH:rs

Subscribed in my presence and sworn before me on this <u>lith</u> day of <u>selveracy</u>, 2000.

**NOTARY PUBLIC** MY COMMISSION EXPIRES

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